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SUBJECT: Santiago Oct. 1 Media Report

Lead Story

¶1. Jorge Navarrete, director of the local chapter of Transparency International (TI), "Chile, Transparente," resigned amid a controversy regarding the local organization's lack of thoroughness and impartiality (All dailies, 10/2).

"Salitre" Military Exercise

¶2. Chile's Air Force invited its Peruvian counterpart to participate as an observer in the 2009 "Salitre" military exercise in Antofagasta. Yesterday, Peruvian Vice President Luis Giampietri said that the exercise was "unnecessary." "We already know they (Chile) are well armed. They don't have to show us this," said Giampietri. He then called on Chile to cancel the exercise. Peruvian Prime Minister Javier Velasquez said he did not believe it was necessary to send observers and stated he would "rather make joint efforts to relieve poverty." (Government-owned La Nacion, 10/1)

Honduras

¶3. In an interview, Roberto Micheletti said it was "necessary" to restrict civil liberties and close two media outlets "because Mr. Zeleja made a call to violence through the two media outlets in question." OAS: He did not say why he expelled the OAS delegation but underscored that his government had "officially invited the OAS to visit Honduras on Friday." Brazilian Embassy: "My government is committed to respecting the sovereignty of the Brazilian embassy." Asked if he would step down if Zelaya agreed to the November election, Micheletti said: "I will never be an obstacle to the election or to the solution of this crisis. I am willing to step aside if necessary, but all options must be out on the table, except for the cancellation or non-recognition of the November 29 election." Asked if his government maintains relations with the United States, he said, "We are willing and hope to continue having a dialogue with the international community, but this exchange has to occur in the framework of mutual respect. Our

focus now is the November 29 election that will result in the election of our next president and in the strengthening of democracy" (Afternoon, conservative La Segunda, 9/30).

¶4. Congressmen and business leaders who initially supported the coup are starting to disagree with Micheletti. On Monday, congressmen of two political parties that supported Zelaya's ousting asked Micheletti to lift restrictions on civil rights. Opposition National Party candidate Porfirio Lobo condemned the state of siege, and Adolfo Facusse, president of the National Industrialists' Association, proposed to reinstate Zelaya temporarily with the deployment of United Nations troops. "The business sector is losing enormous amounts of money every day with this adventure it believed would only last a few days," said analyst Eduardo Bahr (La Tercera, 10/1).

Cuba

¶5. Cuba invited Deputy Assistant Secretary of State for Western Hemisphere Affairs Bisa Williams to Havana to meet with Cuban officials and dissidents and to discuss the reopening of the postal service between the two countries. While Department of State

spokesman Philip Crowley denied this was a step towards normalization of relations with Cuba, Julia Sweig, of the Council on Foreign Relations, said the trip marked a major change (El Mercurio, 10/1).

Local

¶6. The average unemployment rate in Chile for June-August is 10.8%, which brings the total number of unemployed to 784,590. The regions with the highest rates are Coronel (18.75%), Valparaiso (17.7%), and Angol (16.8%) (El Mercurio, 10/1).

¶7. According to the report "Chile Transparente" submitted to its headquarters, Transparency International (TI), opposition presidential candidate Sebastian Pi????era was fined for the use of privileged information when buying shares from a commercial airline. This information was included in TI's global report on corruption and cited by government-coalition candidate Eduardo Frei in the presidential debate. Pi????era's campaign said the report was wrong, because Pi????era had been fined for "failing to abstain" from buying shares and not for using privileged information. "Chile Transparente" board members denied having seen or approving the report, shedding doubts on the organization's thoroughness. The controversy has also revealed that drafters of the local report work for the Bachelet administration or are closely involved in the presidential campaigns, which has brought to the forefront questions about the organization's impartiality. (Summary from all dailies, 10/1).
SIMONS